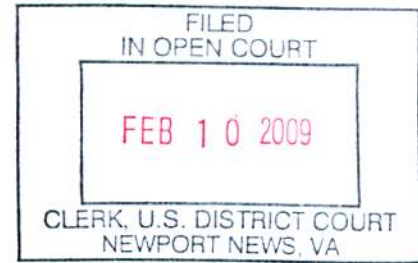


IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Newport News Division



| | | |
|----------------------------|---|-------------------------------------|
| UNITED STATES OF AMERICA |) | <u>FILED UNDER SEAL</u> |
| |) | CRIMINAL NO. 4:09cr <u>15</u> |
| |) | |
| v. |) | 18 U.S.C. § 1349 |
| |) | Conspiracy to Commit |
| JOSEPH MICHAEL CHERRY, II, |) | Bank Fraud and Mail Fraud |
| (Counts 1 - 27, 29) |) | (Count 1) |
| |) | |
| BRUCE WALTON BRIDGES, |) | 18 U.S.C. §§ 1344 and 2 |
| (Counts 1 – 25, 28, 30) |) | Bank Fraud |
| |) | (Counts 2-12) |
| and |) | |
| |) | 18 U.S.C. §§ 1341 and 2 |
| PAMELA DUNBAR, |) | Mail Fraud |
| (Counts 1, 3-12, 19, 20) |) | (Counts 13-20) |
| |) | |
| Defendants. |) | 18 U.S.C. §§ 1028A and 2 |
| |) | Aggravated Identity Theft |
| |) | (Counts 21-25) |
| |) | |
| |) | 18 U.S.C. §§ 1956(a)(1)(B)(i) and 2 |
| |) | Concealment Money Laundering |
| |) | (Counts 26-30) |
| |) | |
| |) | 18 U.S.C. §§ 981 & 982 and |
| |) | 21 U.S.C. § 853(p) |
| |) | Criminal Forfeiture |

INDICTMENT

February 2009 Term - At Newport News, Virginia

GENERAL ALLEGATIONS

1. USAA Federal Savings Bank ("USAA Bank"), Broadway National Bank, Navy Federal Credit Union ("NFCU"), Bank of America, WoodForest Bank, Wachovia Bank and Chartway Federal

Credit Union are all financial institutions as defined under Title 18, United States Code, Section 20.

2. USAA Bank is a financial institution engaged in banking, insurance and investment activities that services primarily military personnel and their families. USAA Bank is headquartered in San Antonio, Texas, but is actively involved in online banking throughout the United States.

3. At all times relevant to the Indictment, and as part of its services to its military membership, USAA offered "pre-commissioned loans" to individuals who had been selected as military cadets through an ROTC program or through one of the military service academies. These pre-commissioned loans were issued in the amount of \$25,000 each.

4. In order to obtain a pre-commissioned loan, an applicant would contact USAA by telephone or through the internet to obtain a USAA membership. The applicant would provide basic identification information, including name, date of birth, Social Security Number, address and contact telephone number. USAA Bank would then issue the applicant a membership number.

5. Once a membership number was issued, the applicant would be required to confirm his or her pre-commissioned status with the military by providing a verification form to USAA Bank. This verification form was either faxed or mailed to USAA Bank.

6. Following receipt of the verification form, the applicant would then obtain a USAA loan application, either by mail or through the internet. The applicant would execute the loan application documents and return the original documents to USAA Bank by United States Mail or private commercial carrier.

7. After review and approval of the loan application documents, USAA Bank would open a bank account for the applicant to receive the loan funds. USAA Bank would then send, by United States Mail or private commercial carrier, a debit card to the address provided by the applicant.

8. The loaned funds from USAA Bank could then be accessed through debit card transactions, ATM withdrawals, the issuance of checks, or through electronic transfers.

9. From in or about October 2005, through in or about October 2008, USAA Bank was the victim of over 60 fraudulent membership and loan applications that requested loan proceeds of over \$1,500,000. These loan and membership applications contained false aliases and identification information, including identification information associated with other individuals.

10. At times relevant to this Indictment, JOSEPH MICHAEL CHERRY, II, BRUCE WALTON BRIDGES and PAMELA DUNBAR, the defendants herein, resided in and conducted business from various locations within the Tidewater area of the Eastern District of Virginia and elsewhere.

11. At times relevant to this Indictment, JOSEPH MICHAEL CHERRY, II, BRUCE WALTON BRIDGES and PAMELA DUNBAR, the defendants herein, all applied for and obtained pre-commissioned loans from USAA Bank, the proceeds of which were not repaid and were disbursed through debit transactions and wire transfers.

COUNT ONE

THE GRAND JURY CHARGES THAT:

1. The factual allegations contained in the General Allegations section are incorporated by reference herein as if set out in full.
2. Beginning on a date unknown to the Grand Jury, but no later than in or about October 2005, and continuing until in or about October 2008, in the Eastern District of Virginia and elsewhere, JOSEPH MICHAEL CHERRY, II, BRUCE WALTON BRIDGES and PAMELA DUNBAR, the defendants herein, and other conspirators, both known and unknown to the Grand Jury, did knowingly and willfully combine, conspire, confederate and agree with each other and others known and unknown to the Grand Jury, to commit the following offenses against the United States:
 - a. To knowingly execute and attempt to execute a scheme or artifice to defraud and to obtain money, funds, credits, assets, securities owned by and under the custody and control of a financial institution, as defined under Title 18, United States Code, Section 20, by means of materially false and fraudulent pretenses, representations and promises in violation of Title 18, United States Code, Section 1344; and
 - b. To knowingly devise and intend to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, for which the defendants and co-conspirators knowingly caused to be placed in a post office, in an authorized depository for mail matter to be sent and delivered by the Postal Service, or caused to be deposited a matter or thing to be sent or delivered by private or commercial interstate carrier according to the directions thereon certain matters and things, for the purpose of executing the scheme and artifice to defraud, in violation of Title 18, United

States Code, Section 1341.

WAYS, MANNER AND MEANS OF THE CONSPIRACY

The manner and means by which the foregoing objectives of the conspiracy to commit bank and mail fraud were to be accomplished included, but were not limited to, the following:

3. The primary purpose of the conspiracy was for the conspirators to fraudulently obtain loans and credit from financial institutions by submitting false loan applications to procure the loans and then disbursing the loan proceeds with no repayment to the financial institutions.
4. It was a part of the conspiracy that the conspirators used computers and telephones in interstate commerce to initiate membership and loan applications with USAA Bank and other lending institutions.
5. It was further a part of the conspiracy that the conspirators falsely represented to USAA Bank that the conspirators were military service members in order to obtain USAA Bank memberships.
6. It was further a part of the conspiracy that the conspirators presented false information on USAA Bank membership loan applications, to include false aliases and the identification information (including Social Security Numbers) of other individuals, in order to obtain USAA Bank pre-commissioned loans.
7. It was further a part of the conspiracy that the conspirators caused USAA Bank to send various mailings, to include USAA Bank debit cards, through private commercial carrier or the United States Postal Service into the Eastern District of Virginia to addresses contained on the false loan applications.
8. It was further a part of the conspiracy that the conspirators sent original signed loan applications via United States mail or private commercial carrier from the Eastern District of Virginia to

USAA Bank, in San Antonio, Texas.

9. It was further a part of the conspiracy that the conspirators accessed and disbursed the pre-commissioned loan proceeds obtained from USAA Bank through debit card transactions or wire transfers.

10. It was further a part of the conspiracy that the conspirators transferred pre-commissioned loan proceeds out of the USAA Bank accounts associated with the false membership information, to bank accounts at other institutions controlled by the conspirators, in order to conceal the nature and origin of the these loan process

11. It was further a part of the conspiracy that in addition to and in connection with the scheme to defraud USAA Bank, the conspirators used false identification and other information to obtain military, consumer and vehicle loans at other financial institutions within the Eastern District of Virginia and elsewhere, to include Navy Federal Credit Union, Bank of America, WoodForest Bank, Wachovia Bank, Broadway National Bank and Chartway Federal Credit Union. In doing so, the conspirators provided fraudulent collateral, business and identification information to the financial institutions.

(All in violation of Title 18, United States Code, Sections 1349, 1344 and 1341.)

COUNTS TWO THROUGH TWELVE

THE GRAND JURY FURTHER CHARGES THAT:

1. The factual allegations contained in the General Allegations section and contained in Count One, Paragraphs 3- 11 are incorporated by reference herein as if set out in full.
2. On or about the dates and in the manner set forth below, in the Eastern District of Virginia and elsewhere, JOSEPH MICHAEL CHERRY, II, BRUCE WALTON BRIDGES and PAMELA DUNBAR, the defendants herein, knowingly and willfully executed and attempted to execute a scheme and artifice to defraud and to obtain the moneys, funds, credits, assets, securities owned by and under the custody and control of the following financial institutions, each of which qualifies as a financial institution as defined under Title 18, United States Code, Section 20, by means of the materially false and fraudulent pretenses, representations and promises identified below:

| Count | Defendant(s) | Date of Membership or Transaction (on or about) | Description of Transaction | Financial Institution |
|-------|----------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 2 | CHERRY and BRIDGES | 3/2/2006 | Conspirators presented false membership and application information to apply for and/or obtain a USAA pre-commissioned loan in the name of Vernon P. Lassiter (membership # ****1948). | USAA Bank |
| 3 | CHERRY, BRIDGES and DUNBAR | 11/3/2006 | Conspirators presented false membership and application information to apply for and/or obtain a USAA pre-commissioned loan in the name of Pamela Dunbar (membership # ****3785). | USAA Bank |

| | | | | |
|---|----------------------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| 4 | CHERRY, BRIDGES and DUNBAR | 11/29/2006 | Conspirators presented false membership and loan application information to apply for and/or obtain an NFCU automobile loan in the name of Pamela Dunbar (account # *****5001). | Navy Federal Credit Union |
| 5 | CHERRY, BRIDGES and DUNBAR | 1/19/2007 | Conspirators presented false loan application information to apply for and/or obtain a Bank of America automobile loan in the name of Bruce Bridges (account # ***6362). | Bank of America |
| 6 | CHERRY, BRIDGES and DUNBAR | 3/12/2007 | Conspirators presented false membership and loan application information, including Social Security # ***-**-8423, to apply for and/or obtain a loan in the name of Robert Parsons (account # *****3901). | Navy Federal Credit Union |
| 7 | CHERRY, BRIDGES and DUNBAR | 6/6/2007 | Conspirators presented false membership and application information, including Social Security # ***-**-8423, to apply for and/or obtain a USAA pre-commissioned loan in the name of Robert Parsons (membership # ****2050). | USAA Bank |
| 8 | CHERRY, BRIDGES and DUNBAR | 7/2/2007 | Conspirators presented false membership and application information to apply for and/or obtain a USAA pre-commissioned loan in the name of Curtis Pittman (membership # ****4399). | USAA Bank |

| | | | | |
|----|----------------------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 9 | CHERRY, BRIDGES and DUNBAR | 1/10/2008 | Conspirators presented false membership and application information, including Social Security # ***-**-0588, to apply for and/or obtain a USAA pre-commissioned loan in the name of Torrance Hicklin (membership # ****9614). | USAA Bank |
| 10 | CHERRY, BRIDGES and DUNBAR | 4/1/2008 | Conspirators presented false membership and application information, including Social Security # ***-**-9447, to apply for and/or obtain a USAA pre-commissioned loan in the name of Joshua Johansen (membership # ****6683). | USAA Bank |
| 11 | CHERRY, BRIDGES and DUNBAR | 4/7/2008 | Conspirators presented false membership and application information, including Social Security # ***-**-9897, to apply for and/or obtain a USAA pre-commissioned loan in the name of Daniel P. Jamison (membership # ****4169). | USAA Bank |
| 12 | CHERRY, BRIDGES and DUNBAR | 4/7/2008 | Conspirators presented false membership and application information, including Social Security # ***-**-1743, to apply for and/or obtain a USAA pre-commissioned loan in the name of Jared McNair (membership # ****4592). | USAA Bank |

(In violation of Title 18, United States Code, Sections 1344, 3237 and 2.)

COUNTS THIRTEEN THROUGH TWENTY

THE GRAND JURY FURTHER CHARGES THAT:

1. The factual allegations contained in the General Allegations section and contained in Count One, Paragraphs 3-11 are incorporated by reference herein as if set out in full.
2. On or about the dates set forth below, within the Eastern District of Virginia and elsewhere, JOSEPH MICHAEL CHERRY, II, BRUCE WALTON BRIDGES and PAMELA DUNBAR, the defendants herein, having devised and intended to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false, fraudulent and fictitious pretenses, representations and promises, and, for the purpose of executing the aforesaid scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises the defendants, did knowingly cause to be placed in a post office, in an authorized depository for mail matter to be sent and delivered by the United States Postal Service or caused to be deposited a matter or thing to be sent or delivered by private or commercial interstate carrier according to the directions thereon the following matters and things:

| Count | Defendant(s) | Approximate Date Placed in Mail (on or about) | Description of Item Mailed | From | To |
|-------|--------------------|-----------------------------------------------|--------------------------------------------------------------------------|-----------------------|--------------------------|
| 13 | CHERRY and BRIDGES | 11/8/2005 | USAA debit card for bank account of William Cephas (account # ****8345). | Indianapolis, Indiana | Virginia Beach, Virginia |
| 14 | CHERRY and BRIDGES | 1/5/2006 | USAA debit card for bank account of Byron Lansing (account # ****2383). | Indianapolis, Indiana | Virginia Beach, Virginia |

| | | | | | |
|----|----------------------------|-----------|------------------------------------------------------------------------------|-----------------------|-----------------------------------------|
| 15 | CHERRY and BRIDGES | 3/7/2006 | USAA debit card for bank account of Vernon P. Lassiter (account # ****9661). | Indianapolis, Indiana | Virginia Beach, Virginia |
| 16 | CHERRY and BRIDGES | 5/02/2006 | USAA debit card for bank account of James Burgess (account # ****0385). | Indianapolis, Indiana | Virginia Beach, Virginia |
| 17 | CHERRY and BRIDGES | 5/22/2006 | USAA debit card for bank account of Gregory Benson (account # ****7729). | Indianapolis, Indiana | Norfolk, Virginia |
| 18 | CHERRY and BRIDGES | 7/5/2006 | USAA debit card for bank account of Ashton Graves (account # ****4901). | Indianapolis, Indiana | Portsmouth, Virginia |
| 19 | CHERRY, BRIDGES and DUNBAR | 11/3/2006 | USAA debit card for bank account of Pamela Dunbar (account # ****7124). | Indianapolis, Indiana | Hampton, Virginia |
| 20 | CHERRY, BRIDGES and DUNBAR | 4/11/2008 | USAA loan application for Joshua Johansen (account # ****5885). | Indianapolis, Indiana | Virginia Beach and Chesapeake, Virginia |

(In violation of Title 18, United States Code, Sections 1341, 3237 and 2.)

COUNTS TWENTY-ONE THROUGH TWENTY-FIVE

THE GRAND JURY FURTHER CHARGES THAT:

1. The factual allegations contained in the General Allegations section and contained in Count One, Paragraphs 3-11 are incorporated by reference herein as if set out in full.

2. On or about the dates set forth and in the manner described herein, in the Eastern District of Virginia and elsewhere, JOSEPH MICHAEL CHERRY, II, and BRUCE WALTON BRIDGES, the defendants herein, did unlawfully, knowingly and intentionally use, without lawful authority, a means of identification of another during and in relation to felony violations of provisions contained in Chapter 63 of Title 18, United States Code, to wit: Conspiracy to Commit Bank Fraud and Mail Fraud, in violation of Title 18, United States Code, Sections 1349, 1344 and 1344, and Bank Fraud, in violation of Title 18, United States Code, Section 1344, all as charged in Counts One, Seven, and Nine through Twelve, respectively:

| Count | Date of Transaction (on or about) | Means of Identification | Description/Purpose of Transaction | Felony Violation |
|-------|-----------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| 21 | 6/6/2007 | Social Security Number ***-**-8423, belonging to Individual A | Defendants used Social Security Number of Individual A to apply for USAA Bank membership / pre-commissioned loan. | 18 U.S.C. §§ 1349, 1344 (ref. Counts 1 and 7). |
| 22 | 1/10/2008 | Social Security Number ***-**-0588, belonging to Individual B | Defendants used Social Security Number of Individual B to apply for USAA Bank membership / pre-commissioned loan. | 18 U.S.C. §§ 1349, 1344 (ref. Counts 1 and 9). |
| 23 | 4/1/2008 | Social Security Number ***-**-9447, belonging to Individual C | Defendants used Social Security Number of Individual C to apply for USAA Bank membership / pre- | 18 U.S.C. §§ 1349, 1344 (ref. Counts 1 and 10). |

| | | | | |
|----|----------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| | | | commissioned loan. | |
| 24 | 4/7/2008 | Social Security Number ***-**-1743, belonging to Individual D | Defendants used Social Security Number of Individual D to apply for USAA Bank membership / pre-commissioned loan. | 18 U.S.C. §§ 1349, 1344 (ref. Counts 1 and 11). |
| 25 | 4/7/2008 | Social Security Number ***-**-9897, belonging to Individual E | Defendants used Social Security Number of Individual E to apply for USAA Bank membership / pre-commissioned loan. | 18 U.S.C. §§ 1349, 1344 (ref. Counts 1 and 12). |

(In violation of Title 18, United States Code, Section 1028A and (c)(5), 3272 and 2.)

COUNTS TWENTY-SIX THROUGH THIRTY

THE GRAND JURY FURTHER CHARGES THAT:

1. The factual allegations contained in the General Allegations section and in Count One, Paragraphs 3 - 11 are incorporated by reference herein as if set out in full.
2. On or about the following dates and in connection with the transactions described below, in the Eastern District of Virginia and elsewhere, JOSEPH MICHAEL CHERRY, II, and BRUCE WALTON BRIDGES, the defendants herein, did knowingly conduct, attempt to conduct and cause to be conducted, financial transactions affecting interstate and foreign commerce, as described below, which involved the proceeds of specified unlawful activity, that is Conspiracy to Commit Bank fraud and Mail fraud, in violation Title 18, United States Code, Sections 1349, 1344 and 1341, and Bank Fraud, in violation of Title 18, United States Code, Section 1344, knowing that the transactions were designed, in whole or in part, to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of the said specified unlawful activity and that while conducting, attempting to conduct and causing such financial transactions to be conducted, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity:

| Count | Defendant | Date (on or about) | Description of Financial Transaction |
|-------|-----------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 26 | CHERRY | 11/14/2006 | Funds in the approximate amount of \$7,500 were electronically transferred from USAA account of Corbin M. Rodriguez account (account # ****5190) to WoodForest account of Joseph Cherry (account # *****7994). |

| | | | |
|----|---------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 27 | CHERRY | 05/26/2006 | Funds in the approximate amount of \$9,700 were electronically transferred from USAA account of Gregory Benson account (account # ****7729) to NFCU in the name of Patricia Basnight (account # *****1303). |
| 28 | BRIDGES | 06/02/2006 | Funds in the approximate amount of \$2,000 were transferred by check from USAA account of James Burgess account (account number ****3905) to Bank of America account of Bruce Bridges (account # *****9233). |
| 29 | CHERRY | 2/14/2006 | Funds in the approximate amount of \$5,500 were electronically transferred from USAA account of Byron Lansing account (account number ****2383) to Wachovia Bank account of Jonathon Cherry (account # *****4788). |
| 30 | BRIDGES | 05/11/2006 | Funds in the approximate amount of \$5,000 were transferred by check from USAA account of Brandon Liles account (account number ****4362) to NFCU account of Bruce Bridges (account # *****2927). |

(In violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i), 3272 and 2.)

FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. The defendants, JOSEPH MICHAEL CHERRY, II, BRUCE WALTON BRIDGES and PAMELA DUNBAR, if convicted of one or more of the violations alleged in Counts One through Twenty of this Indictment shall forfeit to the United States, as part of the sentencing pursuant to Federal Rule of Criminal Procedure 32.2:

- a. Any property, real or personal, which constitutes or is derived from proceeds traceable to a violation under 18 U.S.C. § 981(a)(1)(C);
- b. Any property, real or personal, traceable to or involved in a violation under 18 U.S.C. § 982(a)(1), and any property traceable to such property;
- c. Any other property belonging to the defendants, up to the value of the property subject to forfeiture, if any property subject to forfeiture: (a) cannot be located upon the exercise of due diligence; (b) has been transferred to, sold to, or deposited with a third person; (c) has been placed beyond the jurisdiction of the Court; (d) has been substantially diminished in value; or (e) has been commingled with other property that cannot be subdivided without difficulty.

(All in violation of Title 18, United States Code, Sections 981 and 982, Title 28, United States Code, Section 2461(c), and Title 21, United States Code, Section 853(p).)

Pursuant to the E-Government Act,
the original of this page has been filed
under seal in the Clerk's Office.

UNITED STATES v. JOSEPH MICHAEL CHERRY, II et al., 4:09cr 15

A TRUE BILL:

FOR PERSON

DANA J. BOENTE
ACTING UNITED STATES ATTORNEY

By:



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